

BUTLER TOWNSHIP

DAYTON REGION, MONTGOMERY COUNTY, OHIO

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2006 – 2005



Mary Taylor, CPA

Auditor of State

Board of Trustees
Butler Township
8524 North Dixie Drive
Dayton, Ohio 45414

We have reviewed the *Report of Independent Auditors'* of Butler Township, Montgomery County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2005 through December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Butler Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

January 2, 2008

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BUTLER TOWNSHIP
MONTGOMERY COUNTY

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**MANNING & ASSOCIATES CPAS, LLC
6105 NORTH DIXIE DRIVE
DAYTON, OHIO 45414**

REPORT OF INDEPENDENT AUDITORS'

Butler Township
Montgomery County
8524 North Dixie Drive
Dayton, Ohio 45414

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Butler Township, Montgomery County, Ohio, (the Township), as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Butler Township, Montgomery County, Ohio, as of December 31, 2006 and 2005, and the respective changes in cash financial position and the respective budgetary comparisons for the General Fund, , Police District Fund, Fire District Fund, and Special Revenue – Harson Fund thereof for the year ended December 31, 2006 and the General Fund, , Road & Bridge, Garbage & Waste Disposal, Police District, Fire District, and Road District funds thereof for the year ended December 31, 2005 in conformity with the basis of accounting Note 1 describes.

For the years ended December 31, 2006 and 2005, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 22, 2007, on our consideration of the Township's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should be read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basis financial statements but is supplementary information the Government Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquires of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Manning & Associates CPAs, LLC
Dayton, Ohio

August 22, 2007

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Butler Township
Montgomery County
Management's Discussion and Analysis
For the Year Ended December 31, 2006 and 2005
Unaudited

This discussion and analysis of the Township's financial performance provides an overall review of the Government's financial activities for the years ended December 31, 2006 and 2005, within the limitations of the Township's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Government's financial performance.

Highlights

Key highlights for 2006 are as follows:

Net assets of governmental activities increased \$629,337 or 11.3 percent, a significant change from the prior year. The increase is primarily due to the TIF revenue and partly due to property tax/estate tax revenue from significant growth in the township.

The Township's general receipts are primarily property and other taxes, and grants and entitlements. These receipts represent respectively 59 percent of the total cash received for governmental activities during the year. Property tax receipts for 2006 increased considerably compared to 2005 primarily due to TIF revenue.

With the opening of the new I-75 Benchwood/Wyse Interchange in 2005, the township has been working diligently on developing the Miller Lane/N. Dixie Area. As part of that development effort, the township trustees passed legislation creating 2-Tax Increment Financing Districts (TIF). The first TIF district is active while the second district has been approved by county is still pending at the state level. Through the sale of 2.0 million dollars in bonds (bond repayment TIF revenue, secured by service agreement) construction of new roadways and infrastructure in the Miller Lane/N. Dixie area that has produced corresponding commercial development which adds to the communities overall tax base.

The township and City of Dayton have formed a Joint Economic Development District (JEDD) on property owned by the city adjacent to the Dayton International Airport. Though there is no development on the property producing tax revenue, development of this area could have a significant positive impact on the township revenues.

In 2006, a 4.9 mill police replacement levy was approved by the voters. The replacement levy will produce an additional \$250,000 in revenue; however, the police department continues to operate at a \$250,000 deficit. This deficit is currently being made-up from transfers from the general fund. Projections indicate that increased transfers from the general fund will be needed to keep the department operating at current levels.

Key highlights for 2005 are as follows:

In 2004 the trustees approved the "Harson" Tax Increment Financing District (TIF). The revenue from this TIF will be used to finance the construction of York Commons Boulevard and Commerce Center Park Drive. These two new roadways will be used to open-up the interior property in the Miller Lane/N. Dixie Drive development area. Commercial development in this area continues to grow at a steady pace.

Butler Township
Montgomery County
Management's Discussion and Analysis
For the Year Ended December 31, 2006 and 2005
Unaudited

Highlights (continued)

Key highlights for 2005 (continued)

Currently the police department's budget is approaching a \$500,000 deficit; that deficit is being made-up by transfers from the general fund. The trustees are planning on placing a 4.9 mill replacement levy on the ballot in 2006. The 4.9 mill levy will add approximately \$250,000 of additional revenue in the police department's budget. The projected deficit will continue to be offset by transfers from the general fund.

In 2003 township residents approved an 8.9 mill replacement fire levy. Projections indicate that the replacement levy will fully fund the fire department until 2008/2009. In 2009 the fire levy will need to be placed back on the ballot for replacement.

In 2004, a 1.5 mill road replacement levy was approved by the voters for beginning collection in 2005. The additional revenue from the replacement levy and additional gas tax revenue has put the service department in a sound financial situation.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Government's modified cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Government as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Government as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Government has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

Butler Township
Montgomery County
Management's Discussion and Analysis
For the Year Ended December 31, 2006 and 2005
Unaudited

Using the Basic Financial Statements (continued)

Basis of Accounting (continued)

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Reporting the Government as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2006 and 2005, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Township at year-end. The statement of activities compares cash disbursements with program receipts for each governmental program activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function activity draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net assets and the statement of activities, the governmental activities include the Township's programs and services, including general government services, road and bridge maintenance, police, and fire services. State and federal grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Government's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. All of the Township's activities are reported as governmental funds.

Butler Township
 Montgomery County
 Management's Discussion and Analysis
 For the Year Ended December 31, 2006 and 2005
 Unaudited

Reporting the Government's Most Significant Funds (continued)

The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Government's programs. The Government's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds for 2006 are the General Fund, Police District, Fire District and Special Revenue Harson Funds. For 2005 the major funds are General Fund, Road & Bridge, Garbage & Waste Disposal, Police District, Fire District, and Road District funds. .

The Government as a Whole

Table 1 provides a summary of the Government's net assets for 2006 compared to 2005 on a modified cash basis:

Assets		
Cash and Investments	<u>\$6,186,786</u>	<u>\$5,557,449</u>
 Total Assets	 <u><u>\$6,186,786</u></u>	 <u><u>\$5,557,449</u></u>
 Net Assets		
Restricted for:		
Cemetery Bequest	\$696	\$1,634
Other Purposes	2,878,344	2,369,234
Unrestricted	<u>3,307,746</u>	<u>3,186,581</u>
Total Net Assets	<u><u>\$6,186,786</u></u>	<u><u>\$5,557,449</u></u>

As mentioned previously, net assets of governmental activities increased \$ 629,337 or 11.3 percent during 2006. The primary reasons contributing to the increases in cash balances are as follows:

- Significant growth in commercial and residential development.
- Significant income increases in tax revenue for TIF programs.

Butler Township
Montgomery County
Management's Discussion and Analysis
For the Year Ended December 31, 2006 and 2005
Unaudited

The Government as a Whole (continued)

Table 2 reflects the changes in net assets on a modified cash basis in 2006 and 2005 for governmental activities.

(Table 2)

Changes in Net Assets

	Governmental Activities	
	2006	2005
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$1,053,293	\$1,086,020
Operating Grants and Contributions	126,183	108,701
Capital Grants and Contributions	0	5,437
Total Program Receipts	1,179,476	1,200,158
General Receipts:		
Property and Other Local Taxes	4,280,770	4,057,979
Grants and Entitlements Not Restricted to Specific Programs	1,277,046	1,328,779
Sale of Bonds	2,942,980	0
Other Financing Sources	0	63,579
Sale of Fixed Assets	4,522	7,265
Interest	259,955	225,080
Miscellaneous	123,208	122,720
Total General Receipts	8,888,481	5,805,402
Total Receipts	10,067,957	7,005,560
Disbursements:		
General Government	1,074,778	966,687
Security of Persons and Property:	3,403,556	3,233,695
Public Health Services	26,576	32,774
Public Works	1,169,979	1,157,703
Capital Outlay	3,699,791	1,266,716
Principal Retirement	49,000	47,000
Interest	12,920	14,800
Other	2,020	0
Total Disbursements	9,438,620	6,719,375
Increase (Decrease) in Net Assets	629,337	286,185
Net Assets, January 1	5,557,449	5,271,264
Net Assets, December 31	\$6,186,786	\$5,557,449

Butler Township
Montgomery County
Management's Discussion and Analysis
For the Year Ended December 31, 2006 and 2005
Unaudited

The Government as a Whole (continued)

Program receipts represent 11.7 percent and 17 percent of total receipts for 2006 and 2005, respectively, and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, zoning permits and cemetery fees miscellaneous fees and fines.

General receipts represent 88 percent and 83 percent of the Township's total receipts for 2006 and 2005, respectively, and of this amount, over 48 percent and 70 percent for 2006 and 2005, respectively, are local taxes. State and federal grants and entitlements and sale of bonds make up the majority of the balance of the Township's other general receipts and are 47 percent and 23 percent, respectively. Other receipts are very insignificant and somewhat unpredictable revenue sources.

In 2006 and 2005 disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Government activities. These include the costs of board members and fiscal officer, attorney fees, UAN fees, tax collection fees, utilities, payroll, capital improvements such as sidewalk programs, and finally transfers supporting other funds as needed.

Security of Persons and Property are the costs of police and fire protection; Public Health Services is the cost of maintaining the cemetery; Public Works are the costs of maintaining the road & bridges and garbage removal, capital outlay is various capital projects, and principal retirement is TIF's.

Governmental Activities

If you look at the Statement of Activities on pages 13 and 21, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities in 2006 are for security of persons and property and capital outlays, which account for 75 percent of all governmental disbursements. The major program disbursements for governmental activities in 2005 are for security of persons and property, which account for 48 percent of all governmental disbursements. General government also represents a significant cost, about 11 percent and 14 percent in 2006 and 2005, respectively. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service, which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts, which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

Butler Township
Montgomery County
Management's Discussion and Analysis
For the Year Ended December 31, 2006 and 2005
Unaudited

(Table 3)

Governmental Activities

	Total Cost of Services 2006	Net Cost of Services 2006	Total Cost of Services 2005	Net Cost of Services 2005
General Government	\$1,074,778	(\$901,875)	\$966,687	(\$813,514)
Security of Persons and Property	\$3,403,556	(\$3,134,683)	\$3,233,695	(\$2,846,989)
Public Works	1,169,979	(515,087)	1,157,703	(545,706)
Health	26,576	15,062	32,774	15,508
Other	2,020	39,150	0	0
Capital Outlay	3,699,791	(3,699,791)	1,266,716	(1,266,716)
Principal Retirement	49,000	(49,000)	47,000	(47,000)
Interest and Fiscal Charges	12,920	(12,920)	14,800	(14,800)
Total Expenses	\$9,438,620	(\$8,259,144)	\$6,719,375	(\$5,519,217)

The dependence upon property tax receipts is apparent as a significant amount of governmental activities are supported through these general receipts.

The Government's Funds

In 2006, total governmental funds had receipts and other financing sources of \$10,067,957 and disbursements of \$9,438,620. The greatest change within governmental funds occurred with the creation of the Tax Increment Finance Districts (TIF's) funds for the support of the private sector with construction of public improvements and infrastructure.

In 2005, total governmental funds had receipts and other financing sources of \$7,005,560 and disbursements of \$6,719,375. The General Fund realized the greatest burden of increased costs. Cost increases forced the Board of Trustees to approve a police levy to be placed on the ballot.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2006 and 2005, the Township's Revenue Budget was increased to reflect changing circumstances. Final budgeted receipts were above the original budgeted receipts due to TIF revenue and growth in tax receipts. Actual receipts exceeded budgeted receipts in 2005 and 2006.

In 2006, the final disbursements were budgeted at \$2,389,698 while actual disbursements were \$1,685,920.

In 2005, the final disbursements were budgeted at \$2,390,098 while actual disbursements were \$1,747,364.

Butler Township
Montgomery County
Management's Discussion and Analysis
For the Year Ended December 31, 2006 and 2005
Unaudited

Capital Assets and Debt Administration

Capital Assets

The Township currently keeps track of its capital assets and infrastructure and is regularly reported to our insurance company.

Debt

At December 31, 2006, the Township's outstanding debt was \$274,000. The Township has bonds (TIFs) in the amount of \$3,138,590 assigned by security agreement for repayment; these are backed by the full faith and credit of the Township. The Township is acting as a conduit in collecting and disbursing the funds. The Township has capital leases in the amount of \$249,412 for facilities and equipment. For further information regarding the Township's debt, refer to Note 11 to the basic financial statements.

Current Issues

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have seen substantial growth in the township as a whole.

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Government's finances and to reflect the Government's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Joseph Flanagan, Administrator, Butler Township, 8524 North Dixie Drive, Dayton, OH 45414.

Butler Township
Montgomery County
Statement of Net Assets - Modified Cash Basis
December 31, 2006

	Governmental Activities
Assets	
Equity in Pooled Cash and Investments	\$6,186,786
<i>Total Assets</i>	<u><u>\$6,186,786</u></u>
Net Assets	
Restricted for:	
Permanent Fund Purpose: Cemetery Bequest	696
Other Purposes	2,878,344
Unrestricted	<u>3,307,746</u>
<i>Total Net Assets</i>	<u><u>\$6,186,786</u></u>

See accompanying notes to the basic financial statements

Butler Township
Montgomery County
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2006

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	\$1,074,778	\$172,903	\$0	\$0	(\$901,875)
Public Safety	3,403,556	268,873	0	0	(3,134,683)
Public Works	1,169,979	528,709	126,183	0	(515,087)
Health	26,576	41,638	0	0	15,062
Other	2,020	41,170	0	0	39,150
Capital Outlay	3,699,791	0	0	0	(3,699,791)
Debt Service:					
Principal Retirement	49,000	0	0	0	(49,000)
Interest	12,920	0	0	0	(12,920)
<i>Total Governmental Activities</i>	<u>9,438,620</u>	<u>1,053,293</u>	<u>126,183</u>	<u>0</u>	<u>(8,259,144)</u>

General Receipts

Property Taxes	3,807,053
Other Taxes	473,717
Grants and Entitlements not Restricted to Specific Programs	1,277,046
Sale of Bonds	2,942,980
Sale of Fixed Assets	4,522
Earnings on Investment	259,955
Miscellaneous	123,208

Total General Receipts 8,888,481

Change in Net Assets 629,337

Net Assets Beginning of Year 5,557,449

Net Assets End of Year \$6,186,786

See accompanying notes to the basic financial statements

Butler Township
Montgomery County
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006

	<u>General</u>	<u>Police District</u>	<u>Fire District</u>	<u>Misc. Special Revenue Harson</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Equity in Pooled Cash and Investments	\$3,307,746	\$189,220	\$1,700,973	\$100,005	\$888,842	\$6,186,786
<i>Total Assets</i>	<u>\$3,307,746</u>	<u>\$189,220</u>	<u>\$1,700,973</u>	<u>\$100,005</u>	<u>\$888,842</u>	<u>\$6,186,786</u>
Fund Balances						
Reserved:						
Reserved for Encumbrances	\$25,218	\$12,032	\$42,874	\$0	\$20,546	\$100,670
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	3,282,528	0	0	0	0	3,282,528
Special Revenue Funds	0	177,188	1,658,099	100,005	867,600	2,802,892
Permanent Fund	0	0	0	0	696	696
<i>Total Fund Balances</i>	<u>\$3,307,746</u>	<u>\$189,220</u>	<u>\$1,700,973</u>	<u>\$100,005</u>	<u>\$888,842</u>	<u>\$6,186,786</u>

See accompanying notes to the basic financial statements

Butler Township
Montgomery County

Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	General	Police District	Fire District	Misc. Special Revenue Harson	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$616,232	\$964,075	\$1,904,217	\$87,281	\$740,072	\$4,311,877
Charges for Services	1,568	0	267,200	0	497,602	766,370
Licenses, Permits and Fees	64,305	30	0	0	44,154	108,489
Fines and Forfeitures	8,769	1,583	60	0	515	10,927
Intergovernmental	660,040	179,900	317,626	0	245,663	1,403,229
Special Assessments	60,006	0	0	0	35,224	95,230
Earnings on Investment	259,052	0	0	0	903	259,955
Miscellaneous	53,463	37,098	16,493	0	16,154	123,208
<i>Total Receipts</i>	<u>1,723,435</u>	<u>1,182,686</u>	<u>2,505,596</u>	<u>87,281</u>	<u>1,580,287</u>	<u>7,079,285</u>
Disbursements						
Current:						
General Government	986,959	0	0	0	87,819	1,074,778
Public Safety	0	1,459,590	1,943,966	0	0	3,403,556
Public Works	3,851	0	0	0	1,166,128	1,169,979
Health	0	0	0	0	26,576	26,576
Capital Outlay	151,999	81,214	140,931	3,037,283	288,364	3,699,791
Debt Service:						
Principal Retirement	0	0	0	0	49,000	49,000
Interest and Fiscal Charges	0	0	0	0	12,920	12,920
<i>Total Disbursements</i>	<u>1,142,809</u>	<u>1,540,804</u>	<u>2,084,897</u>	<u>3,037,283</u>	<u>1,630,807</u>	<u>9,436,600</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>580,626</u>	<u>(358,118)</u>	<u>420,699</u>	<u>(2,950,002)</u>	<u>(50,520)</u>	<u>(2,357,315)</u>
Other Financing Sources (Uses)						
Sale of Fixed Assets	1,250	2,533	739	0	0	4,522
Sale of Bonds	0	0	0	2,942,980	0	2,942,980
Transfers In	55,162	375,000	0	0	140,873	571,035
Transfers Out	(515,873)	0	0	0	(55,162)	(571,035)
Other Financing Sources	2,020	0	0	0	39,150	41,170
Other Financing Uses	(2,020)	0	0	0	0	(2,020)
<i>Total Other Financing Sources (Uses)</i>	<u>(459,461)</u>	<u>377,533</u>	<u>739</u>	<u>2,942,980</u>	<u>124,861</u>	<u>2,986,652</u>
<i>Net Change in Fund Balances</i>	121,165	19,415	421,438	(7,022)	74,341	629,337
<i>Fund Balances Beginning of Year</i>	<u>3,186,581</u>	<u>169,805</u>	<u>1,279,535</u>	<u>107,027</u>	<u>814,501</u>	<u>5,557,449</u>
<i>Fund Balances End of Year</i>	<u>\$3,307,746</u>	<u>\$189,220</u>	<u>\$1,700,973</u>	<u>\$100,005</u>	<u>\$888,842</u>	<u>\$6,186,786</u>

See accompanying notes to the basic financial statements

Butler Township
Montgomery County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$505,108	\$590,711	\$616,232	\$25,521
Charges for Services	0	0	1,568	1,568
Licenses, Permits and Fees	65,000	64,306	64,305	(1)
Fines and Forfeitures	11,800	6,548	8,769	2,221
Intergovernmental	480,070	662,117	660,040	(2,077)
Special Assessments	0	60,006	60,006	0
Earnings on Investments	44,000	186,400	259,052	72,652
Miscellaneous	40,400	56,258	53,463	(2,795)
<i>Total receipts</i>	<u>1,146,378</u>	<u>1,626,346</u>	<u>1,723,435</u>	<u>97,089</u>
Disbursements				
Current:				
General Government	1,027,791	1,018,360	1,006,310	12,050
Public Works	0	3,851	3,851	0
Capital Outlay	676,909	843,967	157,866	686,101
<i>Total Disbursements</i>	<u>1,704,700</u>	<u>1,866,178</u>	<u>1,168,027</u>	<u>698,151</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(558,322)</u>	<u>(239,832)</u>	<u>555,408</u>	<u>795,240</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets	0	0	1,250	1,250
Transfers In	55,162	558,662	55,162	(503,500)
Transfers Out	(610,500)	(521,500)	(515,873)	5,627
Other Financing Sources	0	0	2,020	2,020
Other Financing Uses	0	(2,020)	(2,020)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(555,339)</u>	<u>35,142</u>	<u>(459,461)</u>	<u>(494,603)</u>
<i>Net Change in Fund Balance</i>	(1,113,661)	(204,690)	95,947	300,637
<i>Fund Balance Beginning of Year</i>	3,065,669	3,065,669	3,170,685	105,016
Prior Year Encumbrances Appropriated	<u>15,896</u>	<u>15,896</u>	<u>15,896</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$1,967,904</u>	<u>\$2,876,875</u>	<u>\$3,282,528</u>	<u>\$405,653</u>

See accompanying notes to the basic financial statements

Butler Township
Montgomery County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Police District Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$907,645	\$933,295	\$964,075	\$30,780
Licenses, Permits and Fees	175	175	30	(145)
Fines and Forfeitures	1,000	1,000	1,583	583
Intergovernmental	178,604	180,306	179,900	(406)
Miscellaneous	15,040	37,705	37,098	(607)
<i>Total receipts</i>	1,102,464	1,152,481	1,182,686	30,205
Disbursements				
Current:				
Public Safety	1,601,159	1,611,159	1,471,622	139,537
Capital Outlay	79,000	86,500	81,214	5,286
<i>Total Disbursements</i>	1,680,159	1,697,659	1,552,836	144,823
<i>Excess of Receipts Over (Under) Disbursements</i>	(577,695)	(545,178)	(370,150)	175,028
Other Financing Sources (Uses)				
Sale of Fixed Assets	0	0	2,533	2,533
Transfers In	475,000	375,000	375,000	0
<i>Total Other Financing Sources (Uses)</i>	475,000	375,000	377,533	2,533
<i>Net Change in Fund Balance</i>	(102,695)	(170,178)	7,383	177,561
<i>Fund Balance Beginning of Year</i>	157,773	157,773	157,773	0
Prior Year Encumbrances Appropriated	12,032	12,032	12,032	0
<i>Fund Balance End of Year</i>	\$67,110	(\$373)	\$177,188	\$177,561

See accompanying notes to the basic financial statements

Butler Township
Montgomery County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Fire District Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$1,785,122	\$1,838,424	\$1,904,217	\$65,793
Charges for Services	286,141	287,549	267,200	(20,349)
Fines and Forfeitures	0	0	60	60
Intergovernmental	320,943	323,965	317,626	(6,339)
Miscellaneous	5,500	15,731	16,493	762
<i>Total receipts</i>	<u>2,397,706</u>	<u>2,465,669</u>	<u>2,505,596</u>	<u>39,927</u>
Disbursements				
Current:				
Public Safety	2,190,219	2,199,219	1,986,840	212,379
Capital Outlay	189,359	219,359	140,931	78,428
<i>Total Disbursements</i>	<u>2,379,578</u>	<u>2,418,578</u>	<u>2,127,771</u>	<u>290,807</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>18,128</u>	<u>47,091</u>	<u>377,825</u>	<u>330,734</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets	0	0	739	739
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>739</u>	<u>739</u>
<i>Net Change in Fund Balance</i>	18,128	47,091	378,564	331,473
<i>Fund Balance Beginning of Year</i>	1,182,765	1,182,765	1,182,765	0
Prior Year Encumbrances Appropriated	96,770	96,770	96,770	0
<i>Fund Balance End of Year</i>	<u>\$1,297,663</u>	<u>\$1,326,626</u>	<u>\$1,658,099</u>	<u>\$331,473</u>

See accompanying notes to the basic financial statements

Butler Township
Montgomery County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Misc Special Revenue - Harson Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$44,533	\$87,281	\$87,281	\$0
Miscellaneous	0	0	0	0
<i>Total receipts</i>	<u>44,533</u>	<u>87,281</u>	<u>87,281</u>	<u>0</u>
Disbursements				
Current:				
Capital Outlay	500	3,037,283	3,037,283	0
<i>Total Disbursements</i>	<u>500</u>	<u>3,037,283</u>	<u>3,037,283</u>	<u>0</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>44,033</u>	<u>(2,950,002)</u>	<u>(2,950,002)</u>	<u>0</u>
Other Financing Sources (Uses)				
Sale of Bonds	0	2,942,980	2,942,980	0
Other Financing Uses	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>2,942,980</u>	<u>2,942,980</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	44,033	(7,022)	(7,022)	0
<i>Fund Balance Beginning of Year</i>	107,027	107,027	107,027	0
Prior Year Encumbrances Appropriated	0	0	0	0
<i>Fund Balance End of Year</i>	<u><u>\$151,060</u></u>	<u><u>\$100,005</u></u>	<u><u>\$100,005</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

Butler Township
Montgomery County
Statement of Net Assets - Modified Cash Basis
December 31, 2005

	Governmental Activities
Assets	
Equity in Pooled Cash and Investments	\$5,557,449
<i>Total Assets</i>	\$5,557,449
Net Assets	
Restricted for:	
Permanent Fund Purpose: Cemetery Bequest	1,634
Other Purposes	2,369,234
Unrestricted	3,186,581
<i>Total Net Assets</i>	\$5,557,449

See accompanying notes to the basic financial statements

Butler Township
Montgomery County
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2005

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	\$966,687	\$153,173	\$0	\$0	(\$813,514)
Public Safety	3,233,695	384,502	2,204	0	(2,846,989)
Public Works	1,157,703	500,063	106,497	5,437	(545,706)
Health	32,774	48,282	0	0	15,508
Capital Outlay	1,266,716	0	0	0	(1,266,716)
Debt Service:					
Principal Retirement	47,000	0	0	0	(47,000)
Interest	14,800	0	0	0	(14,800)
<i>Total Governmental Activities</i>	<u>6,719,375</u>	<u>1,086,020</u>	<u>108,701</u>	<u>5,437</u>	<u>(5,519,217)</u>

General Receipts

Property Taxes	3,597,851
Other Taxes	460,128
Grants and Entitlements not Restricted to Specific Progr	1,328,779
Other Financing Sources	63,579
Sale of Fixed Assets	7,265
Earnings on Investment	225,080
Miscellaneous	122,720

Total General Receipts 5,805,402

Change in Net Assets 286,185

Net Assets Beginning of Year 5,271,264

Net Assets End of Year \$5,557,449

See accompanying notes to the basic financial statements

Butler Township
Montgomery County
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2005

	<u>General</u>	<u>Road and Bridge</u>	<u>Garbage & Waste Disp District</u>	<u>Police District</u>	<u>Fire District</u>	<u>Road District</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets								
Equity in Pooled Cash and Cash Equivalents	\$3,186,581	\$148,249	\$212,602	\$169,805	\$1,279,535	\$162,997	\$397,680	\$5,557,449
<i>Total Assets</i>	<u>\$3,186,581</u>	<u>\$148,249</u>	<u>\$212,602</u>	<u>\$169,805</u>	<u>\$1,279,535</u>	<u>\$162,997</u>	<u>\$397,680</u>	<u>\$5,557,449</u>
Fund Balances								
Reserved:								
Reserved for Encumbrances	\$15,896	\$2,410	\$299	\$12,032	\$96,770	\$16,654	\$18,171	\$162,232
Reserved for Cemetery Bequest	0	0	0	0	0	0	0	0
Unreserved:								
Undesignated (Deficit), Reported in:								
General Fund	3,170,685	0	0	0	0	0	0	3,170,685
Special Revenue Funds	0	145,839	212,302	157,773	1,182,766	146,343	377,875	2,222,898
Permanent Fund	0	0	0	0	0	0	1,634	1,634
<i>Total Fund Balances</i>	<u>\$3,186,581</u>	<u>\$148,249</u>	<u>\$212,601</u>	<u>\$169,805</u>	<u>\$1,279,536</u>	<u>\$162,997</u>	<u>\$397,680</u>	<u>\$5,557,449</u>

See accompanying notes to the basic financial statements

Butler Township
Montgomery County

Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2005

	General	Road and Bridge	Garbage & Waste Disp District	Police District	Fire District	Road District	Other Governmental Funds	Total Governmental Funds
Receipts								
Property and Other Local Taxes	\$578,887	\$261,041	\$0	\$935,945	\$1,843,634	\$333,984	\$138,176	\$4,091,667
Charges for Services	1,929	0	466,375	0	383,102	0	0	851,406
Licenses, Permits and Fees	77,349	450	0	84	0	0	69,903	147,786
Fines and Forfeitures	14,693	0	0	1,316	0	0	0	16,009
Intergovernmental	696,053	77,801	0	179,113	321,080	47,103	121,767	1,442,917
Special Assessments	11,554	0	0	0	0	0	25,577	37,131
Earnings on Investment	224,905	0	0	0	0	0	175	225,080
Miscellaneous	74,595	87	0	20,700	10,399	0	16,939	122,720
<i>Total Receipts</i>	<u>1,679,965</u>	<u>339,379</u>	<u>466,375</u>	<u>1,137,158</u>	<u>2,558,215</u>	<u>381,087</u>	<u>372,537</u>	<u>6,934,716</u>
Disbursements								
Current:								
General Government	902,604	0	0	0	0	0	64,083	966,687
Public Safety	0	0	0	1,390,057	1,843,638	0	0	3,233,695
Public Works	4,815	343,160	462,423	0	0	237,513	109,792	1,157,703
Health	0	0	0	0	0	0	32,774	32,774
Capital Outlay	778,160	12,000	0	0	118,699	65,292	292,565	1,266,716
Debt Service:								
Principal Retirement	0	0	0	0	0	0	47,000	47,000
Interest and Fiscal Charges	0	0	0	0	0	0	14,800	14,800
<i>Total Disbursements</i>	<u>1,685,579</u>	<u>355,160</u>	<u>462,423</u>	<u>1,390,057</u>	<u>1,962,337</u>	<u>302,805</u>	<u>561,014</u>	<u>6,719,375</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(5,614)</u>	<u>(15,781)</u>	<u>3,952</u>	<u>(252,899)</u>	<u>595,878</u>	<u>78,282</u>	<u>(188,477)</u>	<u>215,341</u>
Other Financing Sources (Uses)								
Sale of Fixed Assets	0	562	0	6,403	300	0	0	7,265
Transfers In	55,170	13,066	0	0	15,000	0	92,689	175,925
Transfers Out	(45,889)	0	0	0	0	0	(130,036)	(175,925)
Other Financing Sources	0	0	0	0	0	0	63,579	63,579
<i>Total Other Financing Sources (Uses)</i>	<u>9,281</u>	<u>13,628</u>	<u>0</u>	<u>6,403</u>	<u>15,300</u>	<u>0</u>	<u>26,232</u>	<u>70,844</u>
<i>Net Change in Fund Balances</i>	<u>3,667</u>	<u>(2,153)</u>	<u>3,952</u>	<u>(246,496)</u>	<u>611,178</u>	<u>78,282</u>	<u>(162,245)</u>	<u>286,185</u>
<i>Fund Balances Beginning of Year</i>	<u>3,182,914</u>	<u>150,402</u>	<u>208,650</u>	<u>416,301</u>	<u>668,357</u>	<u>84,715</u>	<u>559,925</u>	<u>5,271,264</u>
<i>Fund Balances End of Year</i>	<u>\$3,186,581</u>	<u>\$148,249</u>	<u>\$212,602</u>	<u>\$169,805</u>	<u>\$1,279,535</u>	<u>\$162,997</u>	<u>\$397,680</u>	<u>\$5,557,449</u>

See accompanying notes to the basic financial statements

Butler Township
Montgomery County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2005

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$494,472	\$574,472	\$578,887	\$4,415
Charges for Services	0	0	1,929	1,929
Licenses, Permits and Fees	63,000	77,300	77,349	49
Fines and Forfeitures	11,800	11,800	14,693	2,893
Intergovernmental	422,561	695,300	696,053	753
Special Assessments	0	9,779	11,554	1,775
Earnings on Investments	22,000	107,000	224,905	117,905
Miscellaneous	69,667	74,022	74,595	573
<i>Total receipts</i>	<u>1,083,500</u>	<u>1,549,673</u>	<u>1,679,965</u>	<u>130,292</u>
Disbursements				
Current:				
General Government	1,325,011	1,340,212	916,090	424,122
Public Works	0	14,236	4,815	9,421
Capital Outlay	614,285	989,761	780,570	209,191
<i>Total Disbursements</i>	<u>1,939,296</u>	<u>2,344,209</u>	<u>1,701,475</u>	<u>642,734</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(855,796)</u>	<u>(794,536)</u>	<u>(21,510)</u>	<u>773,026</u>
Other Financing Sources (Uses)				
Transfers In	55,170	55,170	55,170	0
Transfers Out	(30,000)	(45,889)	(45,889)	0
Other Financing Sources	300	300	0	(300)
<i>Total Other Financing Sources (Uses)</i>	<u>25,470</u>	<u>9,581</u>	<u>9,281</u>	<u>(300)</u>
<i>Net Change in Fund Balance</i>	<u>(830,326)</u>	<u>(784,955)</u>	<u>(12,229)</u>	<u>772,726</u>
<i>Fund Balance Beginning of Year</i>	3,076,473	3,076,473	3,076,473	0
Prior Year Encumbrances Appropriated	106,441	106,441	106,441	0
<i>Fund Balance End of Year</i>	<u>\$2,352,588</u>	<u>\$2,397,959</u>	<u>\$3,170,685</u>	<u>\$772,726</u>

See accompanying notes to the basic financial statements

Butler Township
Montgomery County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Road and Bridge
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$275,317	\$275,317	\$261,041	(\$14,276)
Licenses, Permits and Fees	0	0	450	450
Intergovernmental	71,159	77,875	77,801	(74)
Miscellaneous	2,500	2,500	87	(2,413)
<i>Total receipts</i>	<u>348,976</u>	<u>355,692</u>	<u>339,379</u>	<u>(16,313)</u>
Disbursements				
Current:				
Public Works	376,873	387,903	345,570	42,333
Capital Outlay	12,000	12,000	12,000	0
<i>Total Disbursements</i>	<u>388,873</u>	<u>399,903</u>	<u>357,570</u>	<u>42,333</u>
<i>Excess of Receipts Over (Under) Disbursement</i>	<u>(39,897)</u>	<u>(44,211)</u>	<u>(18,191)</u>	<u>26,020</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets	0	0	562	562
Transfers In	0	13,066	13,066	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>13,066</u>	<u>13,628</u>	<u>562</u>
<i>Net Change in Fund Balance</i>	(39,897)	(31,145)	(4,563)	26,582
<i>Fund Balance Beginning of Year</i>	148,365	148,365	148,365	0
Prior Year Encumbrances Appropriated	2,037	2,037	2,037	0
<i>Fund Balance End of Year</i>	<u>\$110,505</u>	<u>\$119,257</u>	<u>\$145,839</u>	<u>\$26,582</u>

See accompanying notes to the basic financial statements

Butler Township
Montgomery County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Garbage and Waste Disposal District Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Charges for Services	465,566	465,566	466,375	809
Miscellaneous	7,610	7,610	0	(7,610)
<i>Total receipts</i>	<u>473,176</u>	<u>473,176</u>	<u>466,375</u>	<u>(6,801)</u>
Disbursements				
Current:				
Public Works	502,725	502,432	462,722	39,710
<i>Total Disbursements</i>	<u>502,725</u>	<u>502,432</u>	<u>462,722</u>	<u>39,710</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(29,549)</u>	<u>(29,256)</u>	<u>3,653</u>	<u>32,909</u>
<i>Fund Balance Beginning of Year</i>	208,358	208,358	208,358	0
Prior Year Encumbrances Appropriated	292	292	292	0
<i>Fund Balance End of Year</i>	<u><u>\$179,101</u></u>	<u><u>\$179,394</u></u>	<u><u>\$212,303</u></u>	<u><u>\$32,909</u></u>

See accompanying notes to the basic financial statements

Butler Township
Montgomery County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Police District Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional)
	<u>Original</u>	<u>Final</u>		Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$936,529	\$936,529	\$935,945	(\$584)
Licenses, Permits and Fees	350	350	84	(266)
Fines and Forfeitures	1,000	1,000	1,316	316
Intergovernmental	171,754	178,215	179,113	898
Miscellaneous	16,180	16,180	20,700	4,520
<i>Total receipts</i>	<u>1,125,813</u>	<u>1,132,274</u>	<u>1,137,158</u>	<u>4,884</u>
Disbursements				
Current:				
Public Safety	1,454,237	1,447,822	1,402,089	45,733
<i>Total Disbursements</i>	<u>1,454,237</u>	<u>1,447,822</u>	<u>1,402,089</u>	<u>45,733</u>
<i>Excess of Receipts Over (Under) Disbursement</i>	<u>(328,424)</u>	<u>(315,548)</u>	<u>(264,931)</u>	<u>50,617</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets	0	0	6,403	6,403
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>6,403</u>	<u>6,403</u>
<i>Net Change in Fund Balance</i>	(328,424)	(315,548)	(258,528)	57,020
<i>Fund Balance Beginning of Year</i>	409,886	409,886	409,886	0
Prior Year Encumbrances Appropriated	6,415	6,415	6,415	0
<i>Fund Balance End of Year</i>	<u>\$87,877</u>	<u>\$100,753</u>	<u>\$157,773</u>	<u>\$57,020</u>

See accompanying notes to the basic financial statements

Butler Township
Montgomery County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Fire District Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$1,756,987	\$1,756,987	\$1,843,634	\$86,647
Charges for Services	286,141	371,141	383,102	11,961
Intergovernmental	310,969	321,082	321,080	(2)
Miscellaneous	5,500	10,200	10,399	199
<i>Total receipts</i>	<u>2,359,597</u>	<u>2,459,410</u>	<u>2,558,215</u>	<u>98,805</u>
Disbursements				
Current:				
Public Safety	2,055,862	2,008,352	1,870,493	137,859
Capital Outlay	74,615	188,615	188,614	1
<i>Total Disbursements</i>	<u>2,130,477</u>	<u>2,196,967</u>	<u>2,059,107</u>	<u>137,860</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>229,120</u>	<u>262,443</u>	<u>499,108</u>	<u>236,665</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets	0	0	300	300
Transfers In	0	15,000	15,000	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>15,000</u>	<u>15,300</u>	<u>300</u>
<i>Net Change in Fund Balance</i>	229,120	277,443	514,408	236,965
<i>Fund Balance Beginning of Year</i>	656,003	656,003	656,003	0
Prior Year Encumbrances Appropriated	12,354	12,354	12,354	0
<i>Fund Balance End of Year</i>	<u>\$897,477</u>	<u>\$945,800</u>	<u>\$1,182,765</u>	<u>\$236,965</u>

See accompanying notes to the basic financial statements

Butler Township
Montgomery County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Road District Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$316,948	\$316,948	\$333,984	\$17,036
Intergovernmental	33,449	35,424	47,103	11,679
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total receipts</i>	<u>350,397</u>	<u>352,372</u>	<u>381,087</u>	<u>28,715</u>
Disbursements				
Current:				
Public Works	286,023	283,974	237,513	46,461
Capital Outlay	<u>64,899</u>	<u>81,948</u>	<u>81,946</u>	<u>2</u>
<i>Total Disbursements</i>	<u>350,922</u>	<u>365,922</u>	<u>319,459</u>	<u>46,463</u>
<i>Excess of Receipts Over (Under) Disbursement</i>	<u>(525)</u>	<u>(13,550)</u>	<u>61,628</u>	<u>75,178</u>
<i>Fund Balance Beginning of Year</i>	84,715	84,715	84,715	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$84,190</u></u>	<u><u>\$71,165</u></u>	<u><u>\$146,343</u></u>	<u><u>\$75,178</u></u>

See accompanying notes to the basic financial statements

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2006 and 2005

Note 1 – Reporting Entity

The Butler Township, Montgomery County, Ohio (the Township), is a body politic and corporate established in 1817 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is governed by a publicly elected three-member Board of Trustees. The Township also has an elected Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of township roads and bridges, cemetery maintenance, fire protection, police protection and zoning.

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township.

The township does not consist of any component units, which are legally separate organizations for which the township is financially accountable.

C. Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools

The Township participates in a joint venture with the City of Dayton known as the Butler Township – Dayton Joint Economic Development District (JEDD), which the Township and the City have entered into the contract to create and provide for the operation of the JEDD agreement in accordance with Sections 715.72 through 715.83 of the Revised Code for their mutual benefit and for the benefit of their residents and the State of Ohio. (as mentioned in note19) A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the modified cash basis of accounting, the Township does not report assets for equity interests in joint ventures.

The Township participates in one public entity risk pool. Notes 15 – 16 to the financial statements provides additional information for The Ohio Plan.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2006 and 2005

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash and investment balances of the governmental activities of the Township at year-end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a modified cash basis or draws from the Township's general receipts.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2006 and 2005

Note 2 – Summary of Significant Accounting Policies (continued)

B. Fund Accounting (continued)

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. All of the Township's funds are categorized as governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds in 2006 were the General Fund, Police District, Fire District and Miscellaneous Special Revenue – Harson Fund and in 2005 the General Fund, Road and Bridge, Garbage & Waste Disposal District, Police District, Fire District and Road District. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

The Township had the following major funds in addition to the General Fund as mentioned above.

Police District Fund – This fund receives property tax money for the operation of the Township's police department.

Fire District Fund – This fund receives property tax money and revenue generated from the emergency medical services it provides.

Miscellaneous Special Revenue – Harson Fund – A TIF is a redirection of property taxes into a special fund that is used to pay off bonds sold to make public improvements.

Road and Bridge – This fund receives property tax money to pay for constructing, maintaining, and repairing Township roads.

Garbage & Waste Disposal District – This fund receives garbage and waste fee receipts for garbage collection services provided to the citizens of Butler Township.

Road District – This fund receives property tax money to pay for constructing, maintaining, and repairing Township roads.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2006 and 2005

Note 2 – Summary of Significant Accounting Policies (continued)

C. Basis of Accounting

The Township's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations resolution is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township's Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

E. Cash and Investments

Township records identify the purchase of specific investments by specific funds.

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Investments".

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2006 and 2005

Note 2 – Summary of Significant Accounting Policies (continued)

E. Cash and Investments (continued)

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2006 was \$259,052, and \$903 to other funds. Interest receipts credited to the General Fund during 2005 was \$224,905 and \$175 to other funds.

In 2006 and 2005, the Township invests in a money market mutual and U.S. Treasury/Agency Securities through Fifth Third Securities, Inc., a registered broker-dealer, who is a wholly owned subsidiary of Fifth Third Bank. The Township's money market mutual fund is reported at the amount reported by the Township's financial institution. U.S. Treasury Bills are reported at the cost of the investment.

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Township does not have any restricted assets.

G. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

I. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's modified cash basis of accounting.

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2006 and 2005

Note 2 – Summary of Significant Accounting Policies (continued)

J. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Long-Term Obligations

The Township's modified cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor capital outlay expenditure are reported at inception. Lease payments are reported when paid.

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Township first applies restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

M. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance, which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

O. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Change in Basis of Accounting and Restatement of Fund Equity

During 2004 the Township reported fund financial statements by fund type using the regulatory basis of accounting prescribed by the State Auditor's Office. During 2005 the Township has implemented the modified cash basis of accounting. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type. There was no restatement of equity due to this change.

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2006 and 2005

Note 4 – Accountability and Compliance

A. Accountability

There were no deficit fund balances/net assets and; and therefore no management's actions taken to address any such deficits.

Note 5 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund, police district, fire district and Harson funds for 2006 and the general fund, police district, fire district, road and bridge, garbage & waste disposal and road district for 2005 are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the modified cash basis are that outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis) and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (modified cash basis). The encumbrances outstanding at December 31, 2006 (budget basis) amounted to \$25,218 for the general fund, \$12,032 for the police district, and \$42,874 for the fire district; encumbrances outstanding at December 31, 2005 (budget basis) amounted to \$15,896 for the general fund, \$2,410 road and bridge, \$299 for the garbage & waste disposal, police district \$12,032, \$96,770 for the fire district, and \$16,654 for the road district funds.

Note 6 – Deposits and Investments

Monies held by the Township are classified by State statute into three categories:

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained as cash in the Township treasury, in commercial accounts payable, or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing no later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2006 and 2005

Note 6 – Deposits and Investments (continued)

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

At year-ended December 31, 2006, the carrying amount of the Township's deposits was \$4,671,288, and the bank balance was \$4,799,605. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures" \$4,699,605 was exposed to custodial risk as discussed below, while \$100,000 was covered by federal depository insurance corporation. At year-ended December 31, 2005, the carrying amount of the Township's deposits was \$4,041,951, and the bank balance was \$4,165,790. Of the bank balance \$4,065,790 was exposed to custodial risk as discussed below, while \$100,000 was covered by federal depository insurance corporation.

Custodial credit risk is the risk that in the event of bank failure, the Village's deposits may not be returned. All deposits are collateralized with eligible securities in the amounts equal to at least 105% of carrying value of the deposits. Such collateral, as permitted by the Ohio revised code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name or the respective depository bank and pledged as a poll of collateral against all the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Village.

Butler Township
 Montgomery County
 Notes to the Financial Statements
 For the Year Ended December 31, 2006 and 2005

Note 6 – Deposits and Investments (continued)

Deposits (continued)

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

Interest rate risk arises because the fair value of investments changes as interest rates change. The Township’s investment policy addresses interest rate risk by requiring that the Township’s investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

Credit risk - the Money Market Fund carries a rating of AAA by Standard and Poor’s and AAA by Moody’s. The Township’s investment policy is limited to requiring compliance with state statutes. Ohio law requires that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The U.S. Treasury Bills are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty’s trust department or agent but not in the Township’s name. The Township has an investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M) (2) which states, “Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee.”

As of December 31, 2006 and 2005, the Township had the following investments:

	2006		2005	
	Market Value	Maturity	Market Value	Maturity
U.S. Treasury Bill	\$578,209	3/29/07	\$578,209	3/29/07
U.S. Treasury Bill	937,289	4/06/09	937,289	4/06/09
Total Portfolio at Cost	<u>\$1,515,498</u>		<u>\$1,515,498</u>	

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2006 and 2005

Note 7 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2006 and 2005 represent the collection of 2005 and 2004 taxes. Real property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, the lien date. Real property taxes received in 2005 were levied after October 1, 2004, on the assessed values as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2006 and 2005 represent the collection of 2005 and 2004 taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2005, were levied after October 1, 2005, and are collected with real property taxes. Public utility real and tangible personal property taxes received in 2005 became a lien on December 31, 2004, were levied after October 1, 2004, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2006 and 2005 (other than public utility property) represent the collection of 2006 and 2005 taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2005. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2004. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The assessed values of real property, public utility property, and tangible personal property upon which 2006 and 2005 property tax receipts were based are as follows:

	2006	2005
Real Property (Incorporated)		
Residential/Agriculture	\$205,947,360	\$188,823,030
Commercial/Industrial	38,465,860	33,316,450
Public Utility Real	81,210	94,700
Public Utility Personal	9,580,210	8,967,180
Tangible (Abstract value @75%)	6,842,050	9,338,169
Total Assessed Value	<u>\$260,916,960</u>	<u>\$240,539,529</u>

Butler Township
 Montgomery County
 Notes to the Financial Statements
 For the Year Ended December 31, 2006 and 2005

Note 8 – Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2006 and 2005, the Township is insured through the Ohio Government Risk Management Plan (the Plan), an unincorporated non-profit association with over 460 governmental entity members providing formalized, jointly administered self-insurance risk management program and other administrative services. The Plan is administered by Hylant Administrative Services for various types of insurance coverage as follows:

Type of Coverage	Amount of Coverage
General Liability	\$2,000,000
Employers Liability	\$2,000,000
Employee Benefit Liability	\$1,000,000
Public Officials Liability	\$2,000,000
Law Enforcement Professional Liability	\$2,000,000
Automobile Coverage	\$2,000,000
Property Coverage	\$2,862,300
Inland Marine; Electronic Equip.; Crime Coverage; Boiler & Machine	Included in amount of coverage as described above.

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Plan issues its own policies and reinsures the Plans with A-VII or better rated carriers, except for the 15% casualty and the 10% property portions the Plan retains. The Plan pays the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% of \$100,000 of property losses. Individual members are only responsible for their self-retention (deductible) amounts, which may vary from member to member.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other obligation to the Plan. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets liabilities and retained earnings at December 31, 2005 and 2004 (latest available):

	<u>2005</u>	<u>2004</u>
Assets	\$8,219,430	\$6,685,522
Liabilities	<u>(2,748,639)</u>	<u>(2,227,808)</u>
Members' Equity	<u>\$5,470,791</u>	<u>\$4,457,714</u>

The Township also provides health insurance and dental to full-time employees through a private carrier.

The Township pays the State Workers' Compensation System a premium based on a rate per \$1 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2006 and 2005

Note 9 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 OR (800)222-7377.

For the year ended December 31, 2006, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2006 was 13.70 percent (9.2% to pension, 4.5% to fund health care) except those in law enforcement or public safety. For those classifications, the employer's pension contributions were 16.93 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2006 was 13.55 percent, except those in law enforcement or public safety. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$426,307, \$396,510, and \$316,274 respectively. The full amount has been contributed for 2006, 2005 and 2004.

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2006 and 2005

Note 9 – Defined Benefit Pension Plans (continued)

Ohio Police and Fire Pension Fund

The Township contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the Township is required to contribute 24 percent for firefighters. Contributions are authorized by State statute. The Township's required contributions for Ohio Police & Fire pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$214,106, \$194,079, and \$186,768, respectively. The full amount has been contributed for 2006, 2005 and 2004.

Note 10 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 and 2005 local government employer contribution rate was 13.70 and 13.55 percent, respectively of covered payroll; 4.5 and 4.00 percent of covered payroll was the portion that was used to fund health care in 2006 and 2005, respectively.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .5 to 6 percent annually for the next nine years and 4.00 percent annually after ten years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2006 and 2005

Note 10 - Postemployment Benefits (continued)

A. Ohio Public Employees Retirement System (continued)

The number of active contributing participants in the traditional and combined plans was \$379,109. The actuarial value of OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.1 billion and \$20.2 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. Member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis.

Note 11 - Debt

The Township's long-term debt activity for the year ended December 31, 2006, was as follows:

	Interest Rate %	Balance December 31, 2005	Additions	Reductions	Balance December 31, 2006	Due Within One Year
<u>Governmental Activities</u>						
Tax Increment Revenue Bonds (1)	4.0	323,000	0	49,000	274,000	\$60,960
TIF - Harson 1	5.0		913,480		913,480	\$54,809
TIF - Harson 2	5.0		2,029,500		2,029,500	\$121,770
Total Governmental Activities		\$323,000	\$2,942,980	\$49,000	\$3,216,980	\$237,539

The Township's long-term debt activity for the year ended December 31, 2005, was as follows:

	Interest Rate %	Balance December 31, 2004	Additions	Reductions	Balance December 31, 2005	Due Within One Year
<u>Governmental Activities</u>						
Tax Increment Revenue Bonds (1)	4.0	370,000	0	47,000	323,000	\$61,920
Total Governmental Activities		\$370,000	0	\$47,000	\$323,000	\$61,920

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2006 and 2005

Note 11 – Debt (continued)

The Township sold Tax Increment Revenue Bonds (TIF) (1) to Montgomery County in 2004 for \$415,000 for the improvement of road infrastructure with the Township. These are 8 year bonds with a 4% interest rate.

The Township has created three (3) Tax Increment Finance Districts (TIF) to assist the private sector with the construction of public improvements, specifically the construction of new streets and the installation of public infrastructure. In the case of the Sudachi Drive TIF, the Township financed that project out of unencumbered general fund money (see below) The other two (2) TIF (Harson 1, and Harson 2) projects were financed through the sale of bonds, secured by a service agreement. The Township is acting as a conduit in collecting receipts from the County Auditor and through guaranteed payments as specified by the security agreement. As of December 31, 2006 the aggregate principal outstanding on these bonds was \$3,138,590.

Amortization of the above debt, including interest is as follows:

Year	Tax Increment Revenue Bonds (1)	Tax Increment Revenue Bonds Harson 1	Tax Increment Revenue Bonds Harson 2
2007	\$60,960	\$54,809	\$121,770
2008	61,960	74,831	166,251
2009	61,840	74,829	166,251
2010	61,640	74,830	166,252
2011	61,360	74,831	166,251
2012-2016	0	343,072	831,259
2017-2021	0	405,227	831,258
2022-2026	0	374,153	831,259
Totals	<u>\$307,760</u>	<u>\$1,476,582</u>	<u>\$3,280,551</u>

In addition, in 2004 the Township sold \$319,200 in Tax Increment Revenue Bonds to its own General Fund. This debt is not presented above as the improvement for infrastructure has been made and financed by the General Fund. As the additional Tax Revenue is received from the County auditor, this debt is being repaid to the General Fund through TIF funding; and guaranteed through a service contract with Van-Con. The bond anticipation note is not backed by the full faith and credit of the Township, but rather by Van-Con; and is scheduled to be repaid over multiple years ending Year 2010.

The Township's long-term debt (TIF) activity for the year ended December 31, 2006, is as follows:

	Interest Rate %	Balance December 31, 2005	Additions	Reductions	Balance December 31, 2006	Due Within One Year
<u>Governmental Activities</u>						
Tax Increment Revenue Bonds-GF	5.0	238,830	0	43,220	195,610	\$55,161
Total Governmental Activities		<u>\$238,830</u>	<u>\$0</u>	<u>\$43,220</u>	<u>\$195,610</u>	<u>\$55,161</u>

Butler Township
 Montgomery County
 Notes to the Financial Statements
 For the Year Ended December 31, 2006 and 2005

Note 11 – Debt (continued)

The Township’s long-term conduit debt (TIF) activity for the year ended December 31, 2005, is as follows:

<u>Governmental Activities</u>	Interest Rate %	Balance December 31, 2004	Additions	Reductions	Balance December 31, 2005	Due Within One Year
Tax Increment Revenue Bonds-GF		280,000	0	41,170	238,830	\$55,162
Total Governmental Activities		\$280,000	\$0	\$41,170	\$238,830	\$55,162

The following is a summary of the Township’s conduit debt (TIF) activity for the year ended December 31:

<u>Year</u>	<u>Tax Increment Revenue Bonds General Fund</u>
2007	\$55,161
2008	55,172
2009	55,159
2010	55,167
2011	0
2012-2016	0
2017-2021	0
2022-2026	0
Totals	<u>\$220,659</u>

Note 12 - Leases

The Township has entered into four lease agreements at December 31, 2006. These leases were for building additions, dump truck, fire truck and a street sweeper. The original cost of these assets acquired under the leases was \$573,107. The following is a schedule of future minimum lease payments with the present value of the net minimum lease payments as of December 31:

<u>Year</u>	<u>Lease Payment</u>
2007	\$ 77,041
2008	77,041
2009	49,647
2010	49,647
2011	24,824
Minimum Lease Payments	<u>\$278,200</u>
Less amount representing interest	28,788
Present Value of Minimum Lease Payments	<u>\$249,412</u>

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2006 and 2005

Note 13 – Interfund Transfers

During 2006 the following transfers were made:

	2006	2005
Transfers from the General Fund to:		
Major Governmental Fund (Police)	\$375,000	\$15,000
Other Governmental Funds	140,873	30,889
Total Transfers from the General Fund	515,873	45,889
Transfers From FEMA Fund to:		
Road and Bridge	0	13,066
Transfer From Special Revenue to:		
Debt Service	0	61,8000
Transfers From Debt Service Fund to:		
General Fund	55,162	55,170
Total Transfers	\$571,035	\$175,925

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers from FEMA represent monies for the reimbursement of expenses paid by the road and bridge fund. Transfers to debt service represent payment of debt. Transfer from debt service is for repayment of note to the general fund, see Note 11.

Note 14 – Contingent Liabilities

The Township is defendant in (1) complaint filed, which alleges unconstitutional zoning change and deprivation of constitutional rights. Although management cannot presently determine the outcome of these suits, they believe the resolution of these matters will not materially adversely affect the Township's financial condition.

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2006 and 2005

Note 15 – Jointly Governed Organizations

The JEDD, which was passed by Resolution #06-070; dated 09/11/2006, was created to facilitate economic development and preserve jobs and employment opportunities. The contracting parties have previously contributed an aggregate amount of \$30,000 to pay initial formation, administration and other costs related to the District. The Township contributed 50% of the initial costs and the City contributed 50% of the initial costs paid 2004. At the request of the District, the contracting parties shall contribute an additional aggregate amount of \$40,000 to the District to pay for any additional costs to support the District. The township shall then contribute 50% of the additional costs and the City shall contribute 50% of the additional costs within 30 days after receipt of the District's request for payment of such additional costs. These additional costs were not request nor paid in 2006. A Board of Directors has been established, which includes one member representing the City; one representing the Township; one representing owners of businesses within the territory; one representing persons working within territory; and one member selected by the above-described other members. The Board shall adopt bylaws and procedures for the regulations of the affairs of the Board and the conduct of business of the Board consistent with the Contract including the election of Board officers, the holdings and conducting of regular and special meetings, obtaining fiduciary bonds in connection with the Board's duties, the appropriations procedures to provide for payment of the expenses of the District and distribution of income tax revenues pursuant to the Contract, and the purchasing of goods and services and the making of capital improvements. The District's fiscal year shall be the calendar year; and given the proximity of the Board's first meeting to calendar year 2007, the Board shall adopt a budget for calendar years 2006 and 2007.

Note 16 – Public Entity Risk Pool

- THE OHIO PLAN

The Ohio Plan is a risk pooling group providing property and casualty insurance coverage for small political subdivisions including villages, and is governed by a Board of Directors comprised of public officials selected from the membership. The Board contracts with an administrator, which provides sales, service, underwriting, risk control, accounting, and claims service for the Plan.

The purpose of the Ohio Plan is to jointly exercise powers common to each participating member to establish and administer a risk management program; (Ohio Revised Code 2744) to prevent or lessen the incidence and severity of losses occurring from the activities of the members; and to defend and protect members of the Ohio Plan against allegations of negligence or loss.

Pursuant to section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides, Property, Liability, Wrongful Acts, Law Enforcement, Automobile, Bond, Crime, Inland Marine, Fire Vehicle RC, EDP, Governmental Medical Liability, Employee Benefits Liability, and Automobile Liability, and other coverage's. The Plan pays judgments, settlements, and other expenses resulting from covered claims that exceed the member's deductible.

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

Butler Township
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2006 and 2005

Note 17 – Subsequent Events

The Township passed a 4.90 mill replacement levy in November 2006 to be received in 2007 for additional needed revenue, which will positively affect the financial condition of the Township in the upcoming year.

Note 18 – Reclassification of Fund

Beginning January 1, 2005, the Township reclassified its nonexpendable trust fund. The nonexpendable Cemetery Fund was reclassified to a Permanent Fund to reflect the nature of the fund's activity. This reclassification resulted in the trust fund balance at January 1, 2005 of \$1,634 to be included in other governmental funds.

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**MANNING & ASSOCIATES CPAS, LLC
6105 NORTH DIXIE DRIVE
DAYTON, OHIO 45414**

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Butler Township
Montgomery County
8524 North Dixie Drive
Dayton, Ohio 45414

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Butler Township, Montgomery County, Ohio (the Township), as of and for the years ended December 31, 2006, and 2005, which collectively comprise the Township's basis financial statements and have issued our report thereon dated August 22, 2007, wherein we noted the Township revised its financial statement for 2006 and 2005, making them comparable to the requirements of Governmental Auditing Standards Board Statement Number 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiency described in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting: 2006-002.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe none of the significant deficiency described above is a material weakness.

We noted certain matters that we reported to the Township's management in a separate letter dated August 22, 2007.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance that we must report under *Government Auditing Standard*, which are described in the accompanying schedule of findings as item 2006-001.

We noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated August 22, 2007.

We intend this report solely for the information and use of the audit committee, management, and Board of Township Trustees. It is not intended for anyone other than these specified parties.

Manning & Associates CPAs, LLC
Dayton, Ohio

August 22, 2007

**BUTLER TOWNSHIP
MONTGOMERY COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005**

FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2006-001

Ohio Rev. Code Section 5705.41 (D) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41 (D)(1) and 5705.41 (D)(3), respectively, of the Ohio Revised Code.

1. **"Then and Now" certificate** – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 (\$1,000 prior to April 7, 2003) may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval or expenditures by the Township.

2. **Blanket certificate** – Fiscal officers may prepare "blanket" certificates not exceeding \$5,000 (an amount established by resolution or ordinance adopted by the legislative authority, effective September 26, 2003) against any specific line item account over a period exceeding three months (three month limitation was eliminated effective September 26, 2003) or running beyond the current year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super blanket certificate** – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any one line item appropriation.

The Township did not properly certify the availability of funds prior to purchase commitment for 70 of expenditures tested for 2006 and 2005 and there was no evidence that the Township followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending and negative cash fund balances.

Unless the exception noted above is used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend that the Township's Fiscal Officer certify that the funds are or will be available prior to the obligation by the Township. When prior certification is not possible, "then and now" certification should be used.

**BUTLER TOWNSHIP
MONTGOMERY COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005**

FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2006-001

We recommend the Township certify purchases to which section 5705.41 (D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41 (D) required to authorize disbursements. The fiscal officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of 5705.41 (D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Response: The Fiscal Officer and Township will improve on proper certifications of funds and utilize the then and now according to Ohio Revised Code.

FINDING NUMBER 2006-002

The Township did not properly classify receipt and disbursement transactions relating to TIF debt and improvements. Also, the Township did not record interest earned on an investment account since it's inception.

The following inaccurate postings were noted:

- A. Debt proceeds for the issuance of TIF debt, was posted in other financing sources and not recognized by the Township as debt in the Township name.
- B. The capital outlay for improvements relating to the TIF was posted in other financing uses instead of capital outlay.
- C. Interest earned on an investment account had not been posted since the inception of the account. The account was understated by \$160,079.

All of these conditions exhibit a lack of control over the recording and reporting of Township financial activity and did result in inaccurate accounting records.

We recommend the Township properly reflect all debt in the Township name and record interest as earned on investments. Implementation of these procedures will add a substantial measure of control to the receipt and expenditure process, as well as provide assurance that the activity is properly handled and fairly presented on the Township's ledgers and financial reports. The Township has made these adjustments to their books and the adjustments are reflected in the financial statements.

Response: The Township will review its current accounting methods and implement changes where needed.

**BUTLER TOWNSHIP
MONTGOMERY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR END DECEMBER 31, 2006 AND 2005**

FINDING NUMBER	FINDING SUMMARY	FULLY CORRECTED?	NOT CORRECTED, PARTIALLY CORRECTED; SIGNIFICANTLY DIFFERENT CORRECTIVE ACTION TAKEN; OR FINDING NO LONGER VALID; <i>EXPLAIN:</i>
2004-001	Ohio Rev. Code Section 5705.41(D) - Certification of Available Funds	No	Reissued as 2006-001
2004-002	Ohio Rev. Code Section 5705.41(B) - Expenditures exceed appropriations	Yes	



Mary Taylor, CPA
Auditor of State

BUTLER TOWNSHIP

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 15, 2008**